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March 17, 2003

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.; Room TW-A325  
Washington D.C. 20554

Re: **Erratum** - In the Matter of Applications for Consent to the Transfer of Control of  
Licenses and Section 214 Authorizations from Ameritech Corporation,  
Transferor, To SBC Communications, Inc., Transferee, (CC Docket No. 98-141)

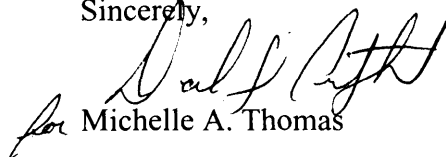
Dear Ms. Dortch:

On March 15, 2004, SBC Communications Inc. (SBC) timely filed the cover letter to the "Annual Compliance Report" for the Calendar Year 2003. Also filed with the letter was the signature page to the "Annual Compliance Report." Upon review of the FCC Electronic Document Management System, SBC has found that the Annual Compliance Report was inadvertently not included with the letter and signature page filed on March 15, 2004.

Attached are a copy of the date-stamped cover letter filed on March 15, 2004, the Annual Compliance Report that was not included with the March 15, 2004 cover letter and a copy of the signature page filed on March 15, 2004. Please substitute this corrected version in the record for the version filed on March 15, 2004.

If you have any questions please contact me at (202) 326-8919.

Sincerely,

  
for Michelle A. Thomas

Attachment

Cc: Mr. Hugh Boyle  
Mr. William Dever  
Mr. Trent Harkrader  
Mr. Dennis Johnson  
Ms. Mika Savir  
Mr. Pete Young

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March 15, 2004

RECEIVED

MAR 15 2004

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Room TW-A325  
Washington, D.C. 20554

Re: In the Matter of Applications for Consent to the Transfer of Control of Licenses  
and Section 214 Authorizations from Ameritech Corporation, Transferor, To SBC  
Communications, Inc., Transferee, (CC Docket No. 98-141)

Dear Ms. Dortch:

In accordance with Paragraph 65(c) of the SBC/Ameritech Merger Conditions, SBC  
Communications Inc. submits the attached "Annual Compliance Report" for the Calendar  
Year 2003.

If you have any questions regarding this report please contact me at (202) 326-8919.

Sincerely,

A handwritten signature in black ink, appearing to read "mthomas", with a long horizontal flourish extending to the right.

Attachment

Cc: Mr. Hugh Boyle  
Mr. William Dever  
Mr. Trent Harkrader  
Mr. Dennis Johnson  
Ms. Mika Savir  
Mr. Pete Young

# **SBC Communications Inc.**

## **SBC/Ameritech Merger Conditions 2003 Compliance Report to the FCC**

Priscilla Hill-Ardoin  
Senior Vice President-Regulatory  
Compliance  
SBC Communications Inc.

March 15, 2004

**Merger Compliance Report – March 15, 2004**  
**SBC Communications Inc.**

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## **Executive Summary**

The SBC/Ameritech Merger Conditions (“Merger Conditions”) require SBC Communications Inc. (“SBC” or “Company”) to submit a report annually by March 15 addressing the Company’s compliance with the Merger Conditions for the preceding calendar year. The Compliance Report is to be prepared in a format substantially similar to the Independent Auditor’s audit report specified by the Conditions. This Executive Summary highlights SBC’s compliance efforts from January 1, 2003 through December 31, 2003, as detailed in the Compliance Report.

When the Federal Communications Commission (Commission) approved the SBC/Ameritech merger, it did so pursuant to the most far-reaching and costly set of Conditions in telecommunications industry history. These conditions – which included performance-measure reporting and voluntary payment provisions, out-of-region entry plans, 13 State Operations Support Systems (OSS), a structurally separate advanced services affiliate, and comprehensive monitoring and independent audit requirements – were exceedingly complex in application and operation. The great majority of these requirements had concluded by the end of 2003.

The Merger Conditions imposed many other requirements, each of them complex and demanding in its own way. With each, SBC devoted the financial and managerial resources necessary to meet the Commission’s requirements, and has carefully monitored its actions to ensure compliance. As this report makes clear, these efforts have been overwhelmingly successful.

The following provides an abbreviated high-level summary of the continued actions taken by SBC in 2003 to meet the requirements of the remaining Merger Conditions and maintain the following five policy goals established by the Merger Conditions.

### **1. Promoting equitable and efficient Advanced Services deployment**

As a result of the court’s ruling in *ASCENT v. FCC*, 235 F.3d 662 (D.C. Cir. 2001), the Merger Condition’s separate advanced services affiliate requirements sunset on January 9, 2002. These requirements were replaced with the more limited requirements relating to advanced services contained in paragraph 13 of the Merger Conditions, which were in effect until October 8, 2003. SBC complied with the paragraph 13 requirements throughout 2003. Furthermore, although as of January 9, 2002, SBC was no longer required to provide Advanced Services through structurally separate advanced services affiliates, it nonetheless voluntarily did so throughout 2003.

As required by the Merger Conditions, SBC continued to make available enhancements to existing interfaces used by unaffiliated carriers for pre-ordering and ordering Advanced Services and provided unaffiliated carriers access to loop

**Merger Compliance Report – March 15, 2004**  
**SBC Communications Inc.**

information. SBC continued to deploy xDSL Advanced Services in low-income urban and rural wire centers were required.

**2. Ensuring open local markets**

SBC is committed to providing the best wholesale service in the nation, and we are achieving that goal. SBC reported the 20 performance measurements outlined in the Merger Conditions on a monthly basis in those states where reporting was required in 2003 despite the operational challenges of producing such a large volume of data in just 20 days after month's end. SBC also offered to provide an unbundled residential UNE loop discount of 25% off the lowest applicable monthly price in states pending 271 relief and continued to provide residential UNE discounts and increased residential resale discounts on eligible services. The Company became aware of a system error in the SBC Midwest region that resulted in eligible residential loops ordered during an approximately six-month period in 2002 not timely receiving the discount. The affected loops were those ordered between April 2002, when the system error first occurred, and early November 2002, when the error had been resolved. The Company subsequently identified the affected loops for the impacted CLECs, and applied correcting credits in June 2003.

**3. Fostering Out-Of-Region competition**

SBC completed the requirements of the condition in 2002 by obtaining switching capability, collocating facilities in at least 10 wire centers, and offering facilities-based local exchange service in each of the 30 out-of-territory markets as defined by the Condition.

**4. Improving residential phone service**

SBC did not impose mandatory minimum monthly or flat-rate charges for InterLATA service to any in-region or out-of-region wireline residential customer. SBC provided enhanced Lifeline service in those states where the state commissions accepted SBC's offer to provide such service.

**5. Ensuring full compliance with all Conditions**

The Independent Auditor completed, and SBC submitted to the FCC, the comprehensive audit engagement reports as required by the Merger Conditions.

SBC's annual compliance report is divided into two sections. The first section provides a summary of the actions being taken to help ensure overall compliance. The second section provides an update on each Merger Condition, and the format is substantially similar, in relevant respects, to the format of the independent audit report required by paragraph 66 of the Merger Conditions.

This report demonstrates not only SBC's compliance with the Merger Conditions, but also its continued commitment to meet the Commission's established goals. SBC remains committed to full compliance with the Merger Conditions.

# **Merger Compliance Report – March 15, 2004**

## **SBC Communications Inc.**

### **Introduction**

On October 8, 1999,<sup>1</sup> the Federal Communications Commission (“FCC” or “Commission”) released its Report and Order (“Order”) in CC Docket No. 98-141, regarding the *Applications of Ameritech Corp., Transferor, and SBC Communications Inc., Transferee, for Consent to Transfer Control of Corporations Holding Commission Licenses and Lines Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 5, 22, 24, 25, 63, DF90, 95 and 101 of the Commission’s Rules* (“Merger Order”). Included in Appendix C of the Merger Order were Merger Conditions that affected the combined entities post-merger business operations of SBC Communications Inc. (“SBC” or “Company”) and Ameritech Corporation (“Ameritech”).<sup>2</sup> Pursuant to the Merger Conditions, Paragraph 65c requires that an annual compliance report be submitted no later than March 15 of the calendar year following the year covered by the report.

SBC provides this Annual Compliance Report for the Calendar Year 2003 (“Report Period”) in compliance with Paragraph 65c. Several of the merger conditions sunset in 2002, 36 months after October 8, 1999 (the closing date of the merger), 36 months after the requirement was first implemented, or as otherwise indicated in the body of the report. Additional conditions sunset in 2003 resulting in the satisfaction of a majority of the Merger Conditions. The first section of the report provides a summary of the actions taken to help ensure overall compliance and includes a discussion of the efficiencies realized as a result of the merger. The second section describes the objectives and compliance activities associated with each of the Merger Conditions during the Report Period and is presented in a format substantially similar to the independent auditor’s report on compliance with the Merger Conditions. Compliance for those conditions that sunset during 2003 is described through the date indicated. Attachment A to this report includes a discussion of the internal controls and training infrastructure that SBC utilized to ensure compliance with the remaining conditions. Attachment B to this report is a report on the implementation of the controls and processes designed to ensure the accuracy of performance measure data. Attachment B is provided as agreed to in the Consent Decree entered into between the Company and the FCC on March 20, 2003 (DA 03-825). The Annual Compliance Report is based on SBC’s ongoing review and assessment of compliance with the Merger Conditions as of the report filing date and is accurate to the best of Management’s knowledge and belief at the time that this report was filed.

SBC is committed to meeting all Merger Condition requirements and has dedicated the resources required to achieve and maintain compliance on an ongoing basis.

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<sup>1</sup> October 8, 1999 is referred to as the Merger Close Date or “Merger Closing Date” throughout this report.

<sup>2</sup> Note: throughout this document, the use of “SBC” or the “the Company” refers collectively to SBC Communications Inc., including Ameritech, the affiliates, and the operating companies of both companies, unless otherwise noted.

# **Merger Compliance Report – March 15, 2004**

## **SBC Communications Inc.**

### **I. Summary of Compliance Activities and Merger Efficiencies**

#### **1. Assignment of Compliance Responsibilities**

##### **1.1 Corporate Compliance Officer**

On September 27, 2002, the Audit Committee of the Board of Directors appointed Priscilla Hill-Ardoin, Senior Vice President – Regulatory Compliance, as Corporate Compliance Officer and this appointment remained in effect during 2003. During the period covered by this report, the FCC Corporate Compliance Officer's responsibilities included the following:

- Overseeing the implementation of the Merger Conditions;
- Monitoring SBC's compliance program and progress toward meeting the remaining deadlines specified in the Merger Conditions; and,
- Providing periodic reports to the Commission regarding SBC's compliance as required by the Merger Conditions and consulting with the Commission on an ongoing basis regarding SBC's compliance with the Merger Conditions.

##### **1.2 Merger Compliance Group**

The Regulatory Compliance Group (RCG), as directed by the Corporate Compliance Officer, provided the Company with a framework for implementing and maintaining internal controls to ensure compliance with the Merger Conditions. The RCG maintained a compliance plan, which tracked the remaining requirements of the Merger Conditions requiring action on the Company's part. The RCG assigned responsibility to officers of the Company, who as the team leaders for their Condition(s) were personally responsible for ensuring full compliance with the Condition in the individual business units. The RCG monitored compliance with these requirements through bimonthly conference calls in which each responsible officer or delegate was required to report compliance status, on both a historical and prospective basis. The Company also maintained a Merger Compliance oversight team comprised of legal counsel and regulatory staff to provide guidance regarding approval of operations or activities between the Advanced Services affiliates and the ILECs.

##### **1.3 Audit Committee**

The Audit Committee of SBC's Board of Directors met with the Corporate Compliance Officer periodically in 2003 to monitor SBC's progress in meeting the Merger Conditions.

##### **1.4 Executive Compliance Group**

Responsibility for implementing and securing compliance with each Merger Condition was assigned to officers and senior managers in the affected business units. For each of

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### **SBC Communications Inc.**

the Merger Conditions, a corporate officer was designated as having primary responsibility for achieving and maintaining compliance. Taken collectively, these individuals and corporate officers comprise the “Executive Compliance Group.” In addition, Paul Mancini, Vice President & Assistant General Counsel, was designated as the SBC legal officer to provide legal advice and support to the Executive Compliance Group. A list of the responsible officers and their respective Merger Conditions is provided in Appendix 1 of this Compliance Report.

Responsibilities for the Officers in the Executive Compliance Group included the following:

- Reporting to the Corporate Compliance Officer and delegates on the status of compliance activities related to the specific Merger Conditions for which they were responsible;
- Notifying the Corporate Compliance Officer immediately of any issues, problems, or circumstances needing resolution in order for compliance activities to proceed on schedule;
- On request, certifying compliance with specific Merger Conditions and supplying documentation necessary to confirm such compliance; and,
- Ensuring compliance by their respective staffs with all records retention, document preservation, and document production requirements arising out of, or in connection with, the Merger Conditions.

#### **1.5 Responsibilities of Business Units**

Each business unit head, each organization within a business unit, and each work group was collectively responsible for maintaining its units, organizations, or work groups in full compliance with the Merger Conditions and promptly remedying any situations that might lead to non-compliance. Responsibilities included investigating to determine if any organization or work group failed to detect violations, preventing recurrences of any violations within a business unit, and disciplining, on a case-specific basis, the personnel responsible for any failure resulting in non-compliance.

## **2. Compliance Requirements and Timelines**

### **2.1 Compliance Requirements and Timelines**

In order to provide ongoing and consistent internal controls, the Company used a compliance timeline (Federal Communications Commission’s Public Notice, DA 99-2480, released November 8, 1999) as the basis for requirements. The Corporate Compliance Officer (or delegate) reviewed timelines and compliance requirements on a periodic basis with the Executive Compliance Group, legal counsel, and the RCG.

### **2.2 Team and Business Unit Timelines**

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### **SBC Communications Inc.**

In order to provide additional controls, individual teams and Business Units developed their own requirements and timelines as needed for project management purposes.

#### **3. Audit and Documentation Requirements**

##### **3.1 Annual FCC Compliance Report**

The Annual Compliance Report (“Report”) as submitted herein is required by Paragraph 65c of the Merger Conditions. This Report addresses SBC’s compliance with the Merger Conditions and documents the activities SBC has undertaken to ensure compliance. Each Business Unit has maintained sufficient documentation to enable the Corporate Compliance Officer to file this Report.

##### **3.2 Independent Compliance Audit**

On September 7, 1999, SBC engaged Ernst & Young LLP (“E&Y”) as the independent auditor to perform the examination and agreed-upon procedures engagements required by the Merger Conditions and this engagement included the 2003 report year. The Commission’s letter of August 24, 1999 to the Company indicated the Commission’s acceptance of the auditor.

#### **4. Internal Controls and Training**

The Company recognizes that implementation of an effective internal control structure is an essential element to ensure compliance with the Merger Conditions. Each member of the Executive Compliance Group was responsible for maintaining an effective internal control structure for his or her assigned Merger Conditions. Employee training has always been an integral component of the Company’s corporate culture, and the Company has an extensive training infrastructure. The Company leveraged this existing infrastructure to educate its very large work force on the obligations created by the Merger Conditions. Internal controls and training are summarized in Attachment A to this Report.

#### **5. Merger Efficiencies**

The Company substantially completed recognition of merger efficiencies prior to 2003. In 1999 through 2001, activities centered on implementing operational plans to integrate the functions and operations of the pre-merger SBC and Ameritech entities. Company teams focused on specific areas of the business to eliminate duplication, consolidate like work efforts across the entire new organization, and adopt best practices.

During 2003, merger efficiencies continued to be realized from previously implemented operational plans. These efficiencies resulted primarily from elimination of duplicate functions, the consolidation of operations, the re-negotiation of contractual obligations, and the adoption of best practices. Elimination of duplication had been accomplished through the consolidation of operations at SBC and Ameritech in many areas of the

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**SBC Communications Inc.**

Company, including holding company operations and many other staff operations. Examples of holding company operations that were consolidated included Corporate Finance, Human Resources, Regulatory/External Affairs, Corporate Development, Corporate Strategy, and Corporate Communications. Examples of staff operations functions that were consolidated included functions in Marketing, Network, and Information Systems.

Also prior to 2003, operational plans to integrate pre-merger functions such as complex application development that required the expiration of pre-existing contractual obligations had been completed. Renegotiated contractual obligations as well as best practices previously implemented in Fleet Operations, Real Estate, Network Services, Sales, Advertising, Marketing, Operator Services, Training, Procurement, and Information Systems continued to produce additional savings.

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**II. Discussion of Compliance by Merger Condition**

**Promoting Equitable and Efficient Advanced Services Deployment**

*1. Separate Affiliate For Advanced Services*

Description and Objectives: Condition 1 required SBC/Ameritech to provide Advanced Services (as defined in paragraph 2 of Condition 1) through one or more structurally separate affiliates. SBC Advanced Solutions, Inc. (“ASI”) was formed in 1999 prior to the Merger Closing Date. Ameritech Advanced Data Services of Illinois, Inc., Ameritech Advanced Data Services of Indiana, Inc., Ameritech Advanced Data Services of Ohio, Inc., Ameritech Advanced Data Services of Michigan, Inc., and Ameritech Advanced Data Services of Wisconsin, Inc. (collectively referred to as “AADS”) provided Advanced Services as a structurally separate affiliate in the Ameritech states prior to the Merger. Collectively, ASI and AADS are referred to as the Advanced Services affiliates.

As a result of the court’s ruling in *ASCENT v. FCC*, 235 F.3d 662 (D.C. Cir. 2001), the Merger Conditions’ separate advanced services affiliate requirements in the Merger Conditions, including the collocation-related and other requirements adopted in the *Second Memorandum and Order* in CC Docket 98-141, automatically sunset on January 9, 2002. These requirements were replaced with the more limited requirements related to advanced services set forth in paragraph 13 of the Merger Conditions “paragraph 13 requirements.” These paragraph 13 requirements were in effect until October 8, 2003, at which time the Condition sunset.

The following addresses SBC’s compliance with the paragraph 13 requirements during 2003:

- Although beginning January 9, 2002 SBC was no longer required to provide Advanced Services through structurally separate advanced services affiliates, SBC voluntarily did so throughout 2003. The Advanced Services affiliates complied with the following paragraph 13 requirements:
  1. The Advanced Services affiliates continued to use the same interfaces, processes, and procedures made available by the incumbent LEC to unaffiliated providers of Advanced Services for pre-ordering, ordering, provisioning, and repair and maintenance of Advanced Services;
  2. The Advanced Services affiliates used the EDI interface, for processing a substantial majority (i.e., at least 75 percent of pre-order inquiries and at least 75 percent of orders) of Advanced Services as detailed in this report in the discussion of compliance with Merger Condition 3;
  3. The ILECs provided unaffiliated telecommunications carriers with access to the same local loop information as made available to the Advanced Services affiliates as detailed in this Report in the discussion of compliance with Merger Condition 4;
  4. The ILECs continued to make available to unaffiliated Advanced Services providers the Operations, Installation, and Maintenance (OI&M) services that

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were previously made available to such providers by the ILECs pursuant to these conditions;

5. The Advanced Services affiliate did not obtain from the ILEC OI&M services at the customer premises with respect to the offers of advanced services.
6. No unaffiliated Advanced Services provider requested nor did the ILECs provide any OI&M services at the customer premises with respect to the offering of Advanced Services by its own retail operations;
7. The ILECs continued to provide the enhanced OSS interfaces for provisioning Advanced Services as discussed in this report in the discussion of compliance with Merger Condition 3.

*2. Discounted Surrogate Line Sharing Charges*

Description and Objectives: Condition 2 required SBC to offer the Surrogate Line Sharing discount for unbundled local loops until line sharing was implemented.

This condition sunset when line sharing was implemented on May 29, 2000.

*3. Advanced Services Operations Support Systems (OSS)*

Description and Objectives: Condition 3 required SBC to provide options for pre-ordering and ordering components used to provide digital subscriber line and other Advanced Services. This Condition also required SBC to provide unaffiliated carriers with access to the OSS enhancements on a specified schedule and made provisions for voluntary payments if dates were missed. Additionally, until OSS enhancements were deployed and the EDI interface was used by the Advanced Services affiliates for pre-ordering and ordering (at least 75 percent of pre-order inquiries and 75 percent of orders) the Advanced Services components used by the Advanced Services affiliates in the relevant geographic area, SBC was required to provide a discount of 25 percent from the recurring and nonrecurring unbundled local loop charges used to provide Advanced Services.

The following addresses SBC's compliance with the requirements of this condition:

SBC continued to make available the enhanced Datagate or EDI interfaces for pre-ordering and ordering xDSL and other Advanced Services implemented by SBC according to the Future Mode of Operation Timeline – Release Schedule in the Plan of Record filed April 3, 2000, and Phase 2 of the collaborative sessions ended on December 22, 2000. SBC completed the enhancements to Advanced Services OSS on October 22, 2001, except in Connecticut, where the enhancements were completed on August 6, 2002.

This requirement to provide a discount of 25 percent from the recurring and nonrecurring unbundled local loop charges used to provide Advanced Services sunset October 22, 2001 when the required OSS enhancements were deployed, except in Connecticut where the uniform interfaces were deployed on August 6, 2002. However, SBC remains

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obligated to make the OSS enhancements and additional interfaces required by this Condition available for not less than 36 months after they were deployed.

*4. Access to Loop Information for Advanced Services*

Description and Objectives: Condition 4 required SBC to provide unaffiliated telecommunications carriers with non-discriminatory access to the same local loop information for the deployment of xDSL and Advanced Services that is available to SBC's retail operations, including the retail operations of the Advanced Services affiliates. Additionally, Condition 4 specified timelines for the deployment of electronic pre-order OSS access to theoretical loop length, electronic pre-order Internet access to theoretical loop length, and access to loop make-up information regarding the capability of loops to support Advanced Services.

The following addresses SBC's compliance with the requirements of this condition:

- SBC provided CLECs with non-discriminatory access to the same local loop information for the deployment of xDSL and Advanced Services that was available to SBC's retail operations, including the retail operations of the Advanced Services affiliates.
- SBC provided unaffiliated telecommunications carriers with non-discriminatory, electronic pre-order OSS access to the theoretical loop length on an individual address basis. Although SBC was not required to provide such access in the SBC Midwest states and Connecticut until 22 months after the Merger Closing Date (August 8, 2001), SBC made pre-order access to loop length by individual address available in all regions in 2000.
- SBC provided unaffiliated telecommunications carriers with non-discriminatory, electronic pre-order Internet access to theoretical loop length based upon a zip code of end users in a wire center at no additional charge, as required by October 10, 2000.
- SBC provided unaffiliated telecommunications carriers with non-discriminatory access to loop make-up information regarding the capability of loops to support Advanced Services that is available in SBC's records, in response to address-specific written requests. Pricing for this manual process was in compliance with any applicable Commission pricing rules for Unbundled Network Elements ("UNEs").

This condition sunset on October 8, 2002, 36 months after the closing date of the Merger Conditions (October 8, 1999), except with respect to the obligation to make available the systems and information described in this Condition for 36 months after they were made available to unaffiliated telecommunications carriers.

*5. Loop Conditioning Charges and Cost Studies*

Description and Objectives: Condition 5 specified that cost studies with proposed rates, must be filed with each state commission for conditioning xDSL loops in the SBC Service Area within each SBC State that had not already started or completed cost

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proceedings for this service. The cost studies and proposed rates were to be prepared in compliance with the methodology set forth in the Commission's and the relevant state commission's pricing rules for UNEs. During the interim period prior to approval of these rates, SBC was to condition loops of less than 12,000 feet (based on theoretical loop length) at no charge to the Advanced Services provider.

This condition sunset on October 8, 2002, 36 months after the Merger Closing Date (October 8, 1999).

**6. *Non-discriminatory Rollout of xDSL Services***

Description and Objectives: In an effort to ensure that xDSL services are available to low-income consumers, this Condition provides that at least 10 percent of all rural and 10 percent of all urban wire centers be designated as low-income wire centers. Once xDSL is deployed in 20 wire centers in a given category (i.e. rural or urban) in a given state, at least 10 percent of the wire centers must be from the low-income pool. The Company is required to file a quarterly report with the Commission describing the status of its xDSL roll-out.

This condition sunsets on a state-by-state and urban/rural category basis in accordance with the timeframes set forth in the Merger Conditions.

The following addresses SBC's compliance with the requirements of this condition:

- For 36 months after SBC had deployed xDSL in at least 20 urban or 20 rural wire centers in a particular state, at least 10 percent of the urban or rural wire centers in which xDSL had been deployed were wire centers identified from the Low-Income Pool.
- SBC filed the required quarterly reports with the FCC describing the status of the xDSL roll-out.

**Ensuring Open Local Markets**

**7. *Carrier-to-Carrier Performance Plan (Including Performance Measurements)***

Description and Objectives: Condition 7 specifies that SBC shall implement the Carrier-to-Carrier Performance Plan (Plan). SBC is to provide the FCC with monthly performance measurement results that demonstrate SBC's performance provided to the aggregate of CLECs within each of the 13 SBC states. This is to be compared to SBC's retail performance (where applicable) or to a benchmark when a retail comparison is not appropriate. SBC was also obligated to make voluntary payments of up to \$1.125 billion over 3 years to the U.S. Treasury based on SBC's performance. SBC is also required to provide the FCC, state commissions, and CLECs with access to SBC's Internet web site where these parties can obtain performance measurement results provided to the aggregate of all CLECs as compared to SBC's retail performance.

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The Condition sunsets within each state, except for Connecticut, upon the earlier of (i) the due date for the 36<sup>th</sup> potential monthly Plan payment for that state, or (ii) the first date on which SBC is first authorized to provide in-region, interLATA services in that state. This Condition remains in effect within Connecticut until the May 20, 2004 due date for the 36<sup>th</sup> potential monthly Plan payment for Connecticut.

The following addresses SBC's compliance with the requirements of this condition:

- SBC reported, on a monthly basis and in each of its states where this condition has not sunset, according to the schedule established in Appendix A to the Merger Conditions, its performance in 20 measurement categories (with sub-measurements) that address functions that may have a particularly direct effect on CLECs and their customers. SBC provided the FCC staff with the required performance measurement data for each month during the year 2003 for the SBC West, SBC Midwest, and SBC SNET regions. These files were transmitted by the 20<sup>th</sup> of each month or the first business day after the 20<sup>th</sup> when the due date was on a weekend or federal holiday. In addition, these performance measurement results were also posted to the SBC Internet web site coincident with the monthly transmittals to the FCC staff. While substantially correct, occasionally certain data filed during the Report Period were either restated or corrected prospectively.
- SBC is required to provide the FCC staff<sup>3</sup> with notice of any changes to the design or calculation of these measurements adopted by the Texas or California State commissions. SBC notified the FCC on July 23, 2003 that the California Public Utility Commission had issued an order dated July 10, 2003 approving changes to the SBC performance measurements. During 2003, the Texas Public Utility Commission did not order changes to the business rules.
- On June 11, 2002, the FCC released a letter stating that SBC was not required to utilize the 60-minute benchmark for performance measure PM 1, Firm Order Confirmations, in calculating any voluntary payments in the Ameritech states for the remainder of 2002. Instead, SBC was directed to measure its performance using the 120-minute benchmark and calculate payments accordingly. On January 17, 2003, the FCC issued another letter granting SBC's request to continue using the 120-minute benchmark until July 1, 2003. A request for an extension of the waiver was denied and accordingly, SBC implemented the 45 minute standard adopted with the version 3.0 changes to the Texas business rules in the Midwest region.
- On July 14, 2003 the FCC released a letter approving SBC's request to substitute the Midwest 271 collocation performance measure, PM 107 for the Texas version 3.0 measure, PM 17 in the five Midwest states.
- On August 6, 2003, the FCC released a letter approving SBC's request to postpone the scheduled implementation dates for some of the disaggregations under measures 5a, percent installation reports, and 12c, mean time to restore required by the version 3.0 Texas Business Rules. For the SBC Midwest states, the requirement to implement these disaggregations was postponed from June 2003 to September 2003.

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<sup>3</sup> Chief of the Common Carrier as changed to Chief of the Wireline Competition Bureau in March 2002 pursuant to FCC 02-76.

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- On November 14, 2003, the FCC released a letter approving SBC's request to modify the implementation schedule for certain disaggregation for line splitting performance measures of the version 3.0 Texas Business Rules for the SBC Midwest and SBC SNET regions. In particular, FCC Staff waived the requirement that SBC Midwest implement line splitting maintenance measures in September 2003 noting that the Merger Conditions no longer required performance measure reporting for SBC Midwest after the September 2003 data submission. With respect to SBC SNET, the FCC approved SBC's request for a three-month extension of the implementation schedule for line splitting maintenance measures.
- The Plan remained effective for the SBC service area within each state, except for Connecticut, until the earlier of (i) 36 months after the date that SBC was first potentially obligated to make Plan payments for that state, or (ii) the first date on which SBC was first authorized to provide in-region, interLATA services in that state: These authorizations were as follows:
  1. The FCC approved 271 applications for Texas in 2000, Arkansas, Missouri, Kansas, Oklahoma in 2001, and California in 2002. Accordingly, no reports of performance measures were due from these states during 2003.
  2. The FCC approved the Nevada 271 application on April 14, 2003 (FCC 03-80) and issued a public notice on May 12, 2003 (DA 03-1561) extinguishing the obligation to report performance measures for the state of Nevada. Accordingly, SBC provided the final report of Nevada performance measures for March 2003 activity on April 21, 2003 for all measures.
  3. The FCC approved the Michigan 271 application on September 17, 2003 (FCC 03-228) and approved the multi-state Illinois, Indiana, Ohio and Wisconsin 271 application on October 15, 2003 (FCC 03-243) The FCC issued a public notice on October 21, 2003 (DA 03-3321) extinguishing the obligation to report performance measures for the state of Michigan effective August 2003 and for Illinois, Indiana, Ohio and Wisconsin effective September 2003. Accordingly, SBC provided the final report of Michigan performance measures for August 2003 activity on September 22, 2003 for all measures and SBC provided the final report of Illinois, Indiana, Ohio and Wisconsin performance measures for September 2003 activity on October 21, 2003
- The Carrier-to-Carrier Performance Plan attached the obligation for SBC to make voluntary payments to the U.S. Treasury in all SBC states where 271 approval has not been obtained. Each payment required during the 2002 Report Period was made to the Commission within 30 days of when the performance results became available or on the first business day after 30 days when the due date was on a weekend or federal holiday. These voluntary payments were not included in the revenue requirements of any SBC ILEC. The Company provided notice to the Commission within five business days of each payment; however, a notice to the Secretary for a voluntary payment made on April 21, 2003 was filed late on May 1 due to an administrative oversight.
- Pursuant to the requirement that SBC and the Chief of the Wireline Competition Bureau<sup>4</sup> shall jointly review the 20 measurements on a semi-annual basis, the FCC

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<sup>4</sup> Id.

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staff and SBC met on June 5, 2003 and December 4, 2003 to review the performance measurements.

**8. *Uniform and Enhanced OSS***

Description and Objectives: Condition 8 generally provided for the development and deployment of uniform, electronic OSS throughout the 13-state SBC Service Area. In particular, this condition required SBC to develop and deploy uniform application-to-application and graphical user interfaces that supported pre-ordering, ordering, provisioning, maintenance/repair, and billing. It also required SBC to develop and deploy uniform business rules for completing CLEC local service requests, or a software solution that ensures that CLEC-submitted local service requests were consistent with SBC's business rules. Condition 8 further required SBC to develop and offer to state commissions a uniform change management process. In addition, it required SBC to offer to develop both direct access to SBC's service order systems and enhancements to the existing Electronic Bonding Interface ("EBI") interface for OSS that support maintenance and repair services for a period of 30 months following the Merger Closing Date.

This condition sunset in 2003, except with respect to the obligation to provide access to the OSS enhancements and additional interfaces required by Paragraphs 26, 27, 29, and 30 of this Condition for not less than 36 months after they were deployed.

The following addresses SBC's compliance with the requirements of this condition:

- SBC continued to provide make available the OSS enhancements and interfaces deployed in 2002 pursuant to Uniform and Enhanced Plan of Record ("POR") as directed by the FCC on September 22, 2000.
- The Commission extended the target date for completion of Phase 1 of the Uniform Business Rules Plan of Record to March 15, 2001 in DA 01-454, released February 20, 2001 and then to April 30, 2001 in DA 01-594, released March 7, 2001. The Phase 2 collaborative sessions for the Uniform Business Rules Plan of Record began on April 30, 2001. The FCC, in DA 01-1915 adopted August 10, 2001 and released August 13, 2001, granted an extension of time for additional collaborative sessions and directed that Phase 2 would end on October 19, 2001. The FCC, in DA 01-2450 adopted October 18, 2001 and released October 19, 2001, granted a limited extension of time to conclude collaborative sessions on November 19, 2001. Based on this extension, Phase II ended on November 19, 2001. On April 10, 2003, the Company notified the Commission that it had completed Phase III of the Uniform Business Rules Plan of Record within the 18-month deadline following the conclusion of Phase II.
- SBC continued to follow the 13-state Change Management Process (CMP) that was filed with the Commission on December 8, 2000. Several companies filed a response to that filing, and SBC subsequently negotiated with those companies and obtained their agreement. SBC filed the 13-state CMP with the commission of each of the 13-states on March 13, 2001.

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*9. Restructuring OSS Charges*

Description and Objectives: Condition 9 required SBC to (1) eliminate all flat rate monthly charges for access to the Remote Access Facility and Information Services Call Center and, (2) for orders of 30 lines or less where SBC does not make an electronic interface available, SBC would eliminate manual processing charges in excess of the charges that apply for processing similar orders submitted electronically.

This condition sunset on October 8, 2002, 36 months after the Merger Closing Date (October 8, 1999).

*10. OSS Assistance to Qualifying CLECs*

Description and Objectives: Condition 10 contained specific provisions for SBC to adopt measures for assisting qualifying CLECs in using SBC's OSS. Under this Condition, SBC was required to provide free training and OSS expert teams for CLECs who self-certify as being small CLECs (i.e., with annual revenue under \$300 million).

This condition sunset on or about November 7, 2002, 36 months after the date the above-referenced OSS expert teams were designated and first made available.

*11. Collocation Compliance*

Description and Objectives: Condition 11 required SBC to provide collocation consistent with the FCC's rules. Furthermore, the Condition required that SBC waive 100 percent of the total non-recurring collocation costs for certain instances of missed due dates.

This condition sunset as a Merger requirement on October 8, 2002, 36 months after the Merger Closing Date (October 8, 1999).

*12. Most-Favored-Nation Provisions for Out-of-Region and In-Region Arrangements*

Description and Objectives: Condition 12 facilitated market entry by CLECs throughout the SBC region in two ways:

- 1) Offering telecommunications carriers within the SBC region any new arrangement or UNE secured by SBC outside of its region; and,
- 2) Making any interconnection arrangement or UNE negotiated by SBC or its affiliates in one SBC state available in all other states throughout its region.

This condition sunset on October 8, 2002, 36 months after the Merger Closing Date (October 8, 1999).

*13. Multi-State Interconnection and Resale Agreement*

Description and Objectives: Condition 13 required SBC to offer telecommunications carriers generic interconnection and/or resale agreements covering multiple SBC states.

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Pricing under a multi-state generic agreement was established on a state-by-state basis, and SBC was not under any obligation to enter into any arrangement for a state that is not technically feasible and lawful in that state.

This condition sunset on or about December 7, 2002, 36 months after SBC first made available to any requesting telecommunications carrier generic interconnection and resale terms and conditions covering the SBC/Ameritech Service Area in all SBC/Ameritech States.

*14. Carrier-to-Carrier Promotions: Unbundled Loop Discount*

Description and Objectives: Condition 14 requires that SBC offer a Promotional Discount program whereby a CLEC can purchase at a discount, a basic unbundled network element facility for use in providing residential telephone service to its end user customers. Each loop sold during the promotional period is allowed the promotional discount for a period of three years. This Condition provides an offering window that is the latest of the following: 1) 24 months after commencement of the offering window period (November 7, 1999); 2) the first day on which SBC is authorized to provide in-region, interLATA services in the relevant state; or 3) the first date on which SBC provides facilities-based telephone exchange service to at least one customer in each of the 15 out-of-territory markets pursuant to paragraph 59 of the Merger Conditions (April 8, 2001). The offering window may end sooner in a state than provided above if and when a maximum number of loops is reached in a given state. SBC was required to provide notice to CLECs when 50 percent and 80 percent of these maximum numbers were reached in each SBC state.

The requirement to offer the discount sunsets as described in the preceding paragraph, although the Company remains obligated to discount loops ordered pursuant to this offering for 36 months after a qualifying loop is installed and operational, or the period during which the loop remains in service at the same location and for the same telecommunications carrier, whichever is shorter.

The following addresses SBC's compliance with the requirements of this condition:

- The Company offered the unbundled loop discount as required by this Condition during the Report Period. The requirement to offer the discount on new orders sunset in Arkansas, California, Connecticut, Kansas, Missouri, Oklahoma, and Texas prior to 2003. During 2003, the FCC approved the Nevada 271 application on April 14, 2003, (FCC 03-80), the Michigan 271 application on September 17, 2003, (FCC-03-228), and the multi-state Illinois, Indiana, Ohio and Wisconsin 271 application on October 15, 2003 (FCC 03-243). Accordingly, The requirement to offer the discount sunset on the respective dates SBC was authorized to provide InterLATA services in these states.
- The Company continued to provide the unbundled loop discount for eligible loops ordered while the offering window was open. Internal processes and procedures

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ensured the Company's wholesale business units were responsive to telecommunications carriers' requests for the promotional discount.

- The Company became aware that a system error occurring in April 2002 caused orders for residential loops to be improperly entered as business loops in the SBC Midwest region. As such, CLECs did not receive the discount for eligible residential loops ordered subsequent to the error. The Company resolved the error as of November 9, 2002, and subsequently identified the affected loops for the impacted CLECs and applied correcting credits in June 2003.
- The reporting threshold towards the maximum number of unbundled local loops that SBC was required to provide at the promotional discounted price was met for the 50% threshold in Wisconsin in September 2002. However, due to an administrative oversight, the required written or Internet notice was not issued until February 2003. The Company reached the 80% threshold in Wisconsin in June 2003 and issued the required notice timely. Otherwise, the reporting thresholds were not met in any state during 2003.

**15. *Carrier-to-Carrier Promotions: Resale Discount***

Description and Objectives: Condition 15 required SBC to offer CLECs promotional resale discounts on telecommunications services that SBC provides at retail to subscribers who are not telecommunications carriers, where such services are resold to residential end user customers. The offering window for Promotional Resale Discounts in each state shall be either 36 months after commencement of the offering, or the month following the date when the sum of resold lines in service in a state at the Promotional Resale Discounts plus the quantity of Promotional End-to-End UNE Combinations in service in the state reaches a maximum state-specific quantity. SBC was required to notify CLECs when thresholds of 50 percent and 80 percent of the maximum sum of Promotional Resale lines and UNE Combinations are reached.

The following addresses SBC's compliance with the requirements of this condition:

- The Company continued to provide the promotional resale discount for 36 months after the initial service date as required by this Condition during for lines ordered prior to the sunset of the offer. However, as described in the Report of Management included in E&Y's September 2, 2003 Report of Independent Accountants on SBC's Report of Management on Compliance with the Merger Conditions, a small number of lines in the SBC Southwest region did not receive the discount. The Company has been unable to identify the exact cause for these isolated cases where the discount was not provided or identify the impacted orders as the system programming to provide the discount on new orders was overwritten when the offering window closed in October 2002. However, the Company has determined that the vast majority of orders were processed correctly and that the overall number of lines potentially eligible for the promotional discount were low; as such, the number of lines that may not have received the promotional discount were minimal and the total dollar value difference between the promotional discounts and standard resale discounts was nominal.

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This condition sunset on November 7, 2002, 36 months after commencement of the Offering Window for the promotion. However, the Company remains obligated to provide the promotional resale discount for 36 months from the date a qualifying resold service is installed and operational, or the period during which the resold service remains in service at the same location and for the same telecommunications carrier, whichever is shorter.

**16. *Carrier-to-Carrier Promotions: UNE Platform***

Description and Objectives: Condition 16 required SBC to offer CLECs Promotional End-to-End UNE Combinations for the provisioning of residential POTS service and residential Basic Rate Interface (“BRI”) Integrated Services Digital Network (“ISDN”). This condition provides for the combination of unbundled network elements into an integrated service for use by CLECs in providing service to residential end user customers. The offering window for Promotional End-to-End UNE Combinations in each state shall be either 36 months after commencement of the offering, or the month following the date when the sum of resold lines in service in a state at the Promotional Resale Discounts plus the quantity of Promotional End-to-End UNE Combinations in service in the state reaches a maximum state-specific quantity. SBC was required to notify CLECs when thresholds of 50 percent and 80 percent of the maximum sum of Promotional Resale lines and UNE Combinations are reached.

The following addresses SBC’s compliance with the requirements of this condition:

This condition sunset on November 7, 2002, 36 months after commencement of the Offering Window for the promotion. However, the Company remains obligated to provide the promotional UNE platform for 36 months from the date a promotional UNE platform is installed and operational, or the period during which the promotional UNE platform remains in service at the same location and for the same telecommunications carrier, whichever is shorter.

**17. *Offering of UNEs***

Description and Objectives: Condition 17 required that SBC confirm and continue to make available to telecommunications carriers within each of the SBC States, such UNEs or combinations of UNEs that were made available in the respective state under SBC’s or Ameritech’s local interconnection agreements in effect on January 24, 1999. In addition, these UNEs were to be made available under the same terms and conditions that such UNEs or combinations of UNEs were made available on that date.

The following addresses SBC’s compliance with the requirements of this condition:

- The Company complied with this Condition by continuing to make available all UNEs or combinations of UNEs offered as of January 24, 1999, under the same

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terms and conditions that such UNEs or combinations of UNEs were made available on that date.

This condition sunset on March 24, 2003; the date of a final, non-appealable court decision on the UNE-Remand order.

*18. Alternative Dispute Resolution through Mediation*

Description and Objectives: Condition 18 required that SBC implement, subject to the appropriate state commission's approval and participation, an alternative dispute resolution ("ADR") mediation process to resolve carrier-to-carrier disputes regarding the provision of local services, including disputes related to existing and effective interconnection agreements. A specific process for Alternative Dispute Resolution through Mediation was included in Attachment D to Appendix C of the Merger Conditions.

This condition sunset on October 8, 2002, 36 months after the Merger Closing Date (October 8, 1999).

*19. Shared Transport in Ameritech States*

Description and Objectives: Condition 19 required that interim shared transport be offered in the Ameritech states prior to the merger closing. Paragraph 56 of the Merger Conditions outlines the requirement to offer, within 12 months of the merger closing, a Long Term Shared Transport option in the Ameritech states that is "substantially similar" to the shared transport that SBC offers to telecommunications carriers in Texas.

The following addresses SBC's compliance with the requirements of this condition:

- During 2003, SBC offered availability of shared transport in Ameritech States under terms and conditions, other than rate structure and price, that were substantially similar to the most favorable terms SBC offered to CLECs in Texas as of August 27, 1999.
- The FCC's Enforcement Bureau, in its Notice of Apparent Liability for Forfeiture ("NAL"), File No. EB-01-IH-0030, released January 18, 2002 alleged that the Company, in violation of the Merger Order, did not provide shared transport in the Ameritech States under terms and conditions substantially similar to those that it offered in Texas as of August 27, 1999. The Company filed a response with the Commission on March 5, 2002 contesting the FCC's allegations. On October 9, 2002, the FCC in Forfeiture Order, File No. EB-01-IH-0030, upheld the NAL. On November 8, 2002 the Company filed a Petition for Reconsideration with the FCC. The Company subsequently withdrew the Petition for Reconsideration and paid the amount assessed by the Forfeiture Order; however, the Company filed a Petition for Review of the Forfeiture Order in the U.S. Court of Appeals for the D.C. Circuit, *SBC Communications Inc. v. FCC*, No. 03-1118 (D.C. Cir. filed Apr. 28, 2003). The Petition for Review is pending.

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*20. Access to Cabling in Multi-Unit Properties*

Description and Objectives: Condition 20 required SBC to offer for 12 months after the Merger Closing Date to conduct trials in five cities with CLECs to provide them with access to cabling within Multi-Dwelling Units premises (“MDUs”) and multi-tenant premises housing small businesses (“MTUs”). At the conclusion of a requested trial, SBC was to negotiate interconnection agreements with CLECs for access to cabling that SBC owns and controls in multi-unit properties. In addition, when hired to install new cables in new or retrofitted MDUs, SBC was to provide written notice to developers and property owners stating that (absent objection by the property owner) SBC would install and provide new cables to a single point of interconnection.

This condition sunset on October 8, 2002, 36 months after the Merger Closing Date (October 8, 1999).

**Fostering Out-of-Territory Competitive Entry**

*21. Out-of-Territory Competitive Entry (National-Local Strategy)*

Description and Objectives: Condition 21 required SBC to enter at least 30 major markets as a facilities-based competitive provider of local services to business and residential customers as chosen from the list of 50 markets listed in Attachment E to the Merger Order. SBC was required to enter the Boston, Miami, and Seattle markets within 12 months of the Merger Closing Date. SBC was required to enter an additional 12 markets within 18 months of the Merger Closing Date, and the remaining 15 markets the later of (i) 30 months after the Merger Closing Date, or (ii) 60 days after the date upon which SBC first held valid authorization to provide originating voice and data interLATA services to at least 60 percent of all access lines (as reported under the Commission’s Part 43 rules) served by SBC’s ILECs (including SBC SNET).

This condition sunset on or before August 21, 2002, by which date SBC had met all of the market entry requirements set forth in para. 59(c) of the Merger Conditions for each of the 30 markets, on or before the deadlines set forth therein.

**Improving Residential Phone Service**

*22. InterLATA Services Pricing*

Description and Objectives: Condition 22 requires SBC to refrain from implementing mandatory minimum monthly or flat-rate charges for interLATA services provided to any in-region or out-of-region wireline residential customer within the United States.

The following addresses SBC’s compliance with the requirements of this condition:

SBC did not impose any minimum mandatory monthly or flat-rate charges to any residential wireline customers in any in-region state where it had authority to offer

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interLATA services during 2003, nor to any out-of-region residential wireline customers in 2003. During the year ended December 31, 2003, the Company offered customers optional, voluntary interLATA services pricing plans that included minimum monthly or minimum flat-rate charges.

This condition sunsets April 8, 2004, 36 months after the date that SBC was providing telephone exchange service to residential customers in at least 15 markets pursuant to Condition 21.

*23. Enhanced Lifeline Plans*

Description and Objectives: Condition 23 requires SBC to offer an Enhanced Lifeline universal service plan to low-income residential subscribers in each of its states, upon acceptance of the state commissions within 12 months of presentation of the offer. The terms and conditions offered are to be similar to the Ohio Universal Service Assistance (“USA”) Lifeline Plan as set forth in Ameritech Ohio’s Alternative Regulation Plan.

This condition has sunset with respect to the twelve-month window for state acceptance. In those states where the Enhanced Lifeline offer was accepted, SBC will maintain the plan for no less than 36 months following the effective date of the initial tariff.

The following addresses SBC’s compliance with the requirements of this condition:

- The Company continued to provide the Enhanced Lifeline plan in all the states that accepted the offer with discounts of up to \$10.20 per month as required by the agreement.
- SBC maintained toll-free access numbers for voice or fax communication with current and potential customers, and modified voice response units at its service centers to incorporate Enhanced Lifeline information for calls in which customers express an interest in obtaining new service, where the Enhanced Lifeline plan has been implemented.
- The Company provided on-line verification of eligibility in those states in which terms were negotiated to permit the Company to access information necessary to verify a customer's participation in an eligible program.
- SBC maintained promotional budgets, as required by the merger agreement, to make potential customers aware of the Enhanced Lifeline plan or other programs that benefit low-income consumers, and expenditures met required minimum annual promotional budget levels as required.
- In those states where the plan has been implemented, appropriate methods and procedures were maintained to implement operational provisions of the Enhanced Lifeline plan regarding payment arrangements for past due bills and no deposits are required for local service.

This condition had sunset in all SBC states except Texas and Arkansas by the end of 2003. The condition sunset in Texas in February 2004, and it is scheduled to sunset in Arkansas in August 2004.

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*24. Additional Service Quality Reporting*

Description and Objectives: Condition 24 required SBC to file, on a quarterly basis, state-by-state service quality reports in accordance with the National Association of Regulatory Utility Commissioners (NARUC) White Paper and ARMIS 43-05 reporting requirements. The data required by this condition was to be included on a Company Internet page or made available to relevant the State commissions.

This condition sunset for each state after reports have been filed for a period of 36 months following the date of SBC/Ameritech's first report for that state. Accordingly, this condition sunset in each state on or before November 20, 2002, which was the date SBC filed its report for third quarter (July-September) 2002.

*25. NRIC Participation*

Description and Objectives: Condition 25 required that SBC continue to participate in the Network Reliability and Interoperability Council ("NRIC").

This condition sunset on October 8, 2002, 36 months after the Merger Closing Date (October 8, 1999).

**Ensuring Compliance with and Enforcement of These Conditions**

*26. Compliance Program*

Description and Objectives: Condition 26 requires SBC to have a corporate compliance officer and to file an annual report that summarizes compliance with these Merger Conditions.

This condition sunsets when SBC has no obligations remaining under the Conditions.

The following addresses SBC's compliance with the requirements of this condition:

- A senior corporate officer served as Compliance Officer throughout 2003.
- On March 14, 2003, the Company filed its annual compliance report accurate to the best of its knowledge and belief at the time it was filed, which detailed its compliance with the Merger Conditions for Report Year 2002. On October 21, 2003, the Company filed with the FCC a supplement to the annual compliance report, which included information on items relevant to the 2003 Report Year which were not identified in the annual compliance report filed March 14, 2003 because they were discovered after that date.

*27. Independent Auditor*

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### **SBC Communications Inc.**

Description and Objectives: Condition 27 requires SBC to engage an independent auditor to annually review its compliance with these Merger Conditions. The audit is to provide a thorough and systematic evaluation of SBC's compliance with the Merger Conditions and determine the adequacy of internal controls.

This condition sunsets when the audits discussed in this condition are no longer required.

The following addresses SBC's compliance with the requirements of this condition:

- SBC engaged E&Y to review its compliance with the Merger Conditions for 2003.
- SBC also engaged E&Y to perform an agreed-upon procedures engagement for the engagement period from January 1, 2003 through the October 8, 2003 sunset date of the condition regarding the separate Advanced Services affiliate requirements contained in Condition 1 of the Merger Conditions.
- SBC granted the independent auditor access to all books, records, operations, and personnel for the audits.
- On September 2, 2003, SBC filed with the FCC E&Y's Report of Independent Accountants on SBC's Report of Management on Compliance with the Merger Conditions (excluding Condition 1) regarding the Company's compliance during the year ended December 31, 2002.
- On September 2, 2003, SBC filed with the FCC the Auditor's Report of Independent Accountants on Applying Agreed-Upon Procedures for 2002 in accordance with the separate Advanced Services affiliate requirements in Condition 1 of the Merger Conditions.

## **28. *Enforcement***

Description and Objectives: Condition 28 states that the enforcement and compliance programs established by these conditions do not abrogate, supersede, limit or otherwise replace the Commission's powers under the Communications Act. The condition also provides for voluntary payment procedures.

This condition sunsets when SBC has no obligations remaining under the Conditions.

The following addresses SBC's compliance with the requirements of this condition:

- As indicated in the response for Condition 7, SBC made voluntary payments to the U.S. Treasury during 2003 related to Carrier-to-Carrier performance measurement requirements.
- The FCC's Enforcement Bureau, in its Notice of Apparent Liability for Forfeiture ("NAL"), File No. EB-01-1H-0030, released January 18, 2002 alleged that the Company, in violation of the Merger Order, did not provide shared transport in the Ameritech States under terms and conditions substantially similar to those that it offered in Texas as of August 27, 1999. The Company filed a response with the Commission on March 5, 2002 contesting the FCC's allegations. On October 9, 2002, the FCC in Forfeiture Order, File No. EB-01-1H-0030, upheld the NAL. On

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### **SBC Communications Inc.**

November 8, 2002 the Company filed a Petition for Reconsideration with the FCC. The Company subsequently withdrew the Petition for Reconsideration and paid the amount assessed by the Forfeiture Order; however, the Company filed a Petition for Review of the Forfeiture Order in the U.S. Court of Appeals for the D.C. Circuit, *SBC Communications Inc. v. FCC*, No. 03-1118 (D.C. Cir. filed Apr. 28, 2003). The Petition for Review is pending.

- On March 20, 2003, the Company and the FCC entered into a Consent Decree (DA 03-825) regarding the accuracy of performance measure data reported to the FCC pursuant to Merger Condition 7. In the Consent Decree, SBC agreed to make a voluntary contribution of \$250,000 to the United States Treasury, which SBC paid within the required 30 days of the effective date of the order adopting the Consent Decree. In the Consent Decree, SBC committed a Compliance Plan containing the following remedial actions:
  1. Implementation of a Control Process
  2. Enhanced Regulatory Compliance Group Oversight
  3. Development and Application of a True-Up Process
  4. Submission of Reports to the Enforcement Bureau
  5. Inclusion of the Consent Decree in the Merger Compliance audit

Attachment B to this report details the Company's implementation of the controls and processes set forth in the Compliance Plan.

#### **29. *Sunset***

Description and Objectives: Condition 29 generally provides that all Conditions shall cease to be effective, and shall no longer bind SBC in any respect, after the effective date of the Merger Conditions (October 23, 1999). Condition 29 recognizes four principal exceptions to the "Merger Closing Date plus 36 months" rule: (a) instances where other termination dates are specifically established; (b) Conditions requiring SBC to provide Advanced Services through one or more separate affiliates for a period beyond the Merger Closing Date plus 36 months; (c) Conditions which become effective or operational after the Merger Closing Date; and (d) Conditions whose duration is extended for non-compliance in accordance with Paragraph 69 of the Conditions.

During the Report Period many aspects of the Merger Conditions met sunset provisions as indicated in the individual conditions described above. The sunset dates for all conditions are detailed in Appendix 2 to this Report.

#### **30. *Effect of Conditions***

Description and Objectives: Condition 30 imposes no additional requirements on SBC but states the relationship between state law requirements and the Commission's Merger Conditions. The Condition recognizes that various offerings and initiatives contained within these Merger Conditions may substantially duplicate requirements imposed in connection with the merger under various state laws. Pursuant to Condition 30, the

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Merger Conditions shall supplement but shall not be cumulative of substantially related Conditions imposed under state law. Where both these Merger Conditions and state-imposed Conditions grant parties similar rights, parties shall not have the right to invoke the relevant terms of the merger Conditions in a given state if they have already invoked a substantially related Condition imposed on the merger under applicable state law.

The following addresses SBC's compliance with the requirements of this condition:

- This Condition does not impose affirmative obligations on SBC. Rather, it states the relationship of the Merger Conditions to state law, and vice versa. SBC followed this guidance in interpreting and applying the Merger Conditions.

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Date: 3/15/04

SBC Communications Inc.

By: 

Priscilla Hill-Ardoin

Senior Vice President-Regulatory Compliance

SBC Communications Inc.

### **Sufficiency of Internal Controls for Complying with the Merger Conditions**

The Company's controls were sufficient to address the requirements and goals to continue meeting the ILECs' non-discriminatory obligations with respect to the Advanced Services affiliates, promote the deployment of advanced services by competitors, ensure open local markets, improve residential phone service, and ensure compliance and enforcement of these Conditions.

The Corporate Compliance Officer and the RCG provided the Company with a framework for identifying Merger obligations and maintaining the internal controls implemented to ensure compliance with the Merger Conditions. The RCG maintained its compliance plan, which included tracking each requirement of the Merger Conditions that required action on the Company's part. Each requirement was assigned responsibility to an officer of the Company, who as the team leader for that Condition was personally responsible for ensuring full compliance with the Condition in the individual business units. The Company also maintained a Regulatory Compliance oversight team comprised of legal counsel and the RCG regulatory staff to provide guidance regarding and prerequisite approval of operations or activities between the Advanced Services affiliates and the ILECs.

Each business unit within the Company was responsible for ensuring its internal control structure was sufficient to ensure compliance with the Merger Conditions. Internal controls were monitored by the business units and the RCG through tracking status of compliance activities and informing senior management and the RCG group on the status of compliance with specific requirements created by the Merger Conditions.

In response to prior instances of non-compliance, the Company enhanced internal controls and increased oversight as necessary to ensure compliance with the Merger Conditions. To improve controls over spending the minimum annual promotional budgets required for Merger Condition 23, the Company implemented monthly meetings between advertising, marketing, and regulatory to review actual expenses and agency charges against advertising media plans. In 2003, the majority of mass media advertising, including radio, newspaper, and outdoor advertising was scheduled for the first half of the year in order to allow for actual invoices (charges and any credits) to post, and to have sufficient time remaining in the year to make any necessary adjustments to the advertising plan, at which time actual spending levels could be reviewed to ensure the company was on track to meet required targets before the end of the year.

Controls over data reporting associated with Condition 7 were strengthened in accordance with the Consent Decree entered into between the FCC and the Company on March 20, 2003 (DA 03-825). Refer to Attachment B for details.

### **Training**

Training in 2003 was focused on refresher training in those work groups, primarily in the Company's Wholesale organization, with compliance requirements for the remaining Merger Conditions. The Wholesale organization internally developed a specialized training program that updated its employees on the status of the remaining merger conditions as of 2003 and reiterated Wholesale's ongoing obligations and requirements until the sunset of each condition. Regarding company-wide training, the RCG continued to maintain an Intranet-based training course and posted various training materials on the Company Intranet site available to all employees. This Company-wide training addressed key topics such as what services could be provided to the Advanced Services affiliates, the required terms and conditions for providing services, the protection for proprietary information, and permitted and prohibited activities when performing joint marketing. The RCG also made live training available on an "as requested" basis.

The Advanced Services affiliates continued to be operated as structurally separate from the ILECs. The Advanced Services affiliates' business activities followed the operating procedures that had been developed to specifically address the restrictions and requirements on interaction with the SBC ILECs imposed by the Merger Conditions. Methods and procedures ("M&P") at the Advanced Services affiliates had designed pursuant to restrictions and requirements of the Merger Conditions. M&P and continued to be used as a primary training tool and control to ensure that Advanced Services affiliate employees performed specific business procedures in compliance with the Merger Conditions.

M&P at the ILECs affiliates were also designed pursuant to restrictions and requirements of the Merger Conditions and were used as a primary training tool and control to ensure that ILEC employees performed specific business procedures in compliance with the Merger Conditions.

**Report on Implementation of Controls & Processes set forth in the March 20, 2003  
Consent Decree Compliance Plan**

This Attachment B addresses the actions taken by the Company regarding compliance with of the Compliance Plan of SBC Communications Inc. (Compliance Plan) attached to the Consent Decree dated March 20, 2003.

**Compliance Plan Requirements**

**Section 1 – Implementation of Control Process**

The Company committed to implement the following enhancements to controls and processes for managing the integrity of the data it reports monthly to the FCC pursuant to the Performance Plan adopted in the Merger Conditions in the Ameritech States and at SNET within 45 days<sup>5</sup> of the effective date of the Consent Decree:

- Review of data at key stages of production to facilitate data continuity
- Validation of data and performance trend analysis to identify and investigate material outlying results.
- Review of results to assess implementation of new or changed requirements
- Maintenance of data files as required for document retention purposes

Additionally, in Section 1 of the Compliance Plan, the Company committed to the following within 45 days of the effective date of the Consent Decree:

Review of performance of Company personnel responsible for providing and reporting data pursuant to the Performance Plan adopted in the Merger Conditions in a timely and accurate manner, and their errors will be identified and analyzed for error prevention activities in order to reduce their recurrence.

**Section 2 – Regulatory Compliance Group Oversight**

The Company committed that the Company's Regulatory Compliance Group and a designated steering committee would review the performance reporting conducted by SBC pursuant to the Merger Conditions and the processes and controls implemented pursuant to Section 1 - Implementation of Control Process. The steering committee was to be comprised of SBC senior management personnel from across applicable SBC regions. The primary goals of the steering committee were to ensure that there were reasonable assurances that the performance as measured and reported by SBC pursuant to the Performance Plan in the Merger Conditions is materially equivalent to the performance that SBC has actually delivered. The steering committee was to oversee the processes and

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<sup>5</sup> As utilized throughout this document, within 45 days of the effective date of the Consent decree equates to May 4, 2003.

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controls implemented pursuant to Section 1 - Implementation of Control Process and was to oversee the following principal efforts:

- Examining the Company's processes for reviewing reporting accuracy and assessing whether the Company appropriately captured, processed and reported performance information in accordance with the applicable business rules pursuant to the Performance Plan adopted in the Merger Conditions.
- Conducting an analysis of sample metrics data sets and change controls between data providers and data reporters to assess metric accuracy and business rule compliance pursuant to the Performance Plan adopted in the Merger Conditions.
- Reviewing monthly performance and data accuracy and identify issues and appropriate corrective actions pursuant to the Performance Plan adopted in the Merger Conditions.

**Section 3 - True-Up Process**

The Company committed to establish a process for performing a true-up of any errors in the calculation of any voluntary payments required under the Performance Plan no later than 90 days after the Effective Date of this Consent Decree. No later than 180 days after the Effective Date of this Consent Decree, SBC was to apply its true-up process to any errors for the performance measurement reports filed in the twelve-month period immediately preceding the date of this Consent Decree.

**Section 4 - Submission to the Enforcement Bureau**

SBC committed to include in its Annual Compliance Report submitted pursuant to Merger Condition XXVI of the SBC/Ameritech Merger Order, a report on the implementation of the controls and processes set forth in this Compliance Plan.

**Section 5 – Compliance audit**

SBC committed to ensure that an assessment of whether the Company has implemented the controls and processes set forth in this Compliance Plan, and performed any necessary true-ups to any voluntary payments as set forth in the True-up Process, will be included in the scope of the annual independent audit conducted pursuant to Merger Condition XXVII of the SBC/Ameritech Merger Order.

**Actions Taken by the Company to Comply with the Compliance Plan of SBC Communications Inc.**

**Section 1 – Implementation of Control Process**

SBC complied with Section 1 - Implementation of Control Process, of the Compliance Plan by implementing all of the controls described below within 45 days of the effective date of the Consent Decree.

Enhancements to Controls Implemented in the SBC Midwest States<sup>6</sup>

- Preliminary Performance Measure (PM) results for PMs reported by Interconnection Compliance Support group (“ICS” or “DSS”) were validated by ICS computer programmers against expectations to identify wide variances<sup>7</sup> prior to releasing the results for reporting. This enhancement was implemented for the following PMs: 1, 2, 3, 4a, 4b, 4d, 5a, 5b, 5c, 6a, 6b, 7a, 7b, 7c, 8, 9, 10a, 10b, 11a, 11b, 12a, 12b, 13a, 13b, and 17. As ICS assumed responsibility for the processing of additional PMs throughout 2003, this enhancement was applied to the additional PMs.
- Regulatory Reporting Systems (“RRS”) - Peer reviews were executed during each production cycle. There were two distinct sets of processing on RRS, and the two different teams responsible for these areas crossed-over each month to review log files, database counts and production documentation as a final checkpoint before the production run was completed.
- RRS - Production Run issues tracking. The issues tracking document (“Look Up Table”) contained errors that occur during a reporting cycle. Examples include problems with input files, modules that failed and had to be restarted, and any abnormal steps. This document facilitated continuous improvement by reviewing errors monthly and taking steps to prevent future errors from occurring.
- RRS Tracking - issues and solutions related to bad input files, failed validation steps, batch modules that failed and had to be re-executed, and updates written outside of the code baseline to correct any required issues were documented to act as a Look Up Table to be referenced whenever a similar issue arose in the future.
- RRS - Month end transition meeting - This functioned as the official transition of changes from the development/test team to the production support team. The production support team was responsible for executing the monthly production jobs, and this transition informed them of all changes being implemented. The document contained all impacted scripts and specific validation steps to ensure the correct version of source code had been migrated (as a final check in the configuration management process). The development team transitioned all the scripts, modules and database changes that were to be included in the next production run. The month end transition meeting helped the production support team understand the new or changed scripts/modules or objects.
- RRS – Automatic Notification - Module monitored all production batch jobs and notified the production support team via pager when any process finished or a script failed. The production support team then validated the job’s completion or restarted the

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<sup>6</sup> The enhancements identified below are in addition to controls implemented by the Company prior to the effective date of the Consent Decree and controls that were previously established by the Company.

<sup>7</sup> This variance analysis includes verification that the previous month’s results do not vary in volume by more than 25% (+ or -) in the denominator and aggregate performance of the results do not vary more than 5% (+ or -) from the previous month.

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module if there were problems. This notification was a reminder to execute necessary validation steps and also to reduce lag time in the batch cycle.

- Performance Reporting System (“PRS”) Data Transfer System Controls - ICS Data. ICS data files were first copied from the ICS Server to the PRS Server where the PRS administrator verified that the file size of the files received matched the size on the files sent from the ICS server. File sizes were measured to the byte so even a single character difference in a file would be apparent.
- PRS Data Transfer System Controls - The Company utilized an external contractor to process the PM results (i.e. perform statistical calculations, etc). When data files were sent to the external contractor for processing of PM results by the PRS administrator, the external contractor replied to the email with a confirmation email indicating that file had been received. All files confirmed to have been received by the external contractor were matched with their corresponding confirmation email before filing away the sent file email.
- For those PMs processed by ICS, a month-end report was prepared for each PM that documents the validation steps performed by the computer programmers on the monthly PM results. These validation steps included reasonableness checks, consistency checks and completeness checks.
- Data Retention – In addition to numerous improvements added during 2002, the Company implemented data retention enhancements to existing data storage practices after the release of the Consent Decree. SBC implemented an improved method of retaining source measurement data for the Loop Maintenance Operation System (“LMOS”) by implementing a network optical warehouse for storage of trouble ticket data. For the Mechanized Order Receipt Telemanagement (“MORTel”) system, SBC implemented an improved retention policy to begin collecting data at its original capture point.

Enhancements to Controls Implemented at SBC SNET<sup>8</sup>

- Preliminary PM results for PMs reported by ICS were validated by ICS computer programmers against expectations to identify wide variances<sup>9</sup> prior to releasing the results for reporting. This enhancement was implemented for the following PMs: 1, 2, 3, 4a, 4c, 4b, 4d, 5a, 5b, 5c, 6a, 6b, 6c, 6c.1, 8, 9, 10a, 10b, 11a, 11b, 11c, 12a, 12b, 12c, 13a, 13b, 13c, and 17.

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<sup>8</sup> The enhancements identified below are in addition to controls implemented by the Company prior to the effective date of the Consent Decree and controls that were previously established by the Company.

<sup>9</sup> This variance analysis includes verification that the previous month's results do not vary in volume by more than 25% (+ or -) in the denominator and aggregate performance of the results do not vary more than 5% (+ or -) from the previous month.

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- The Performance Measurement Organization reviewed updated reviewed daily/weekly files for mechanized data from the source systems and prepared a monthly data validation checklist for each performance measure to document this review.
- A monthly data validation checklist was prepared to document that month-end PM data has been reviewed at key production stages, a trend analysis was performed, and that additions or changes were implemented as scheduled.
- For those PMs processed by ICS, a month-end checklist was prepared for each PM that documented the validation steps performed by the computer programmers on the monthly PM results. These validation steps included reasonableness checks, consistency checks and completeness checks.

**Section 2 – Regulatory Compliance Group Oversight**

SBC complied with Section 2-Regulatory Compliance Group Oversight, of the Compliance Plan by implementing all of the controls described below within 45 days of the effective date of the Consent Decree.

Establishment of Senior Level Steering Committee

As required by the Compliance Plan, the Company established a Senior Level Steering Committee comprised of senior level managers with responsibility to review performance measure reporting and provide reasonable assurance regarding the integrity of data used to calculate the FCC PMs. The Chairman of the Senior Level PM Steering Committee was the Company Vice President with overall responsibility for the Company's Long Distance Compliance efforts.

The Committee met monthly to review and approve all matters related to the calculation and reporting accuracy of PM results to the FCC including the review and approval of all restatements. Each meeting was documented with formal minutes.

All potential restatements of FCC PM reporting were reviewed and approved in advance by the Officer of the organization designated as the PM Owner and the Chairman of the Senior Level PM Steering Committee. The Senior Level PM Steering Committee reviewed all restatements, including an in-depth analysis of the underlying cause of the problem and the corrective action plans that had been developed and implemented to forestall future occurrences. All potential restatements were reviewed monthly on a conference call attended by the responsible individuals from each SBC region. Minutes were kept and, along with all relevant documentation, forwarded monthly to the Senior Level Steering Committee for review and approval. The designated PM Owner and the Chairman of the Senior Level PM Steering Committee were required to formally approve restatements at this meeting.

The Senior Level PM Steering Committee established a "PM Working Committee" led by a permanent member of the Senior Level PM Steering Committee. The PM Working Committee was responsible for the coordination of all Consent Decree related efforts, the

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review of data integrity enhancements, the assessment of current data integrity controls, and the identification of potential deficiencies.

Performance was reviewed monthly on a conference call attended by the responsible individuals from each SBC region responsible for reporting PMs to the FCC. Any errors in PM data were discussed in detail to determine the root cause of the issue and to develop a plan for corrective action. Minutes of such actions were kept and then forwarded monthly to the Senior Level Steering Committee for review and approval. If necessary, these reviews resulted in performance improvement discussions or additional training for those individual employees responsible for errors or substandard performance. This same review was conducted with the Senior Level Steering Committee on a monthly basis.

Meeting minutes were prepared and maintained by the PM Working Committee and reviewed with the Senior Level PM Steering Committee on a monthly basis.

Each month, two submeasures in each region were randomly selected validated to ensure that the metric was calculated according to the business rules and that the posted results could be replicated using the current technical documentation. The sample design was simple random sampling without replacement with each region's results representing a distinct population. This review process included setting up independent queries to collect data for the selected sub-measures, a validation that the independent queries had all the exclusions and inclusions as specified in the business rules and a comparison of the results with what was reported to the FCC. If any differences were noted between the independent queries and the data reported to the FCC, an analysis was conducted to resolve the difference. The PM analysts then completed a validation form documenting the data they reviewed and the documentation they had relied on for that review. These mini-audits were reviewed each month by the Senior Level PM Steering Committee.

**Section 3 - True-Up Process**

SBC complied with Section 3- Implementation of a True-Up Process, of the Compliance Plan by implementing a process for performing a true-up for any errors in the calculation of any voluntary payments required under the Performance Plan. This process was in place by June 18, 2003, no later than 90 days after the Effective Date of the Consent Decree. On September 15, 2003, (no later than 180 days after the Effective Date of the Consent Decree), SBC applied its true-up process to any errors for the performance measurement reports filed in the twelve-month period immediately preceding the date of this Consent Decree and made an additional voluntary payment to the U.S. Treasury in the amount of \$3,280,841.

**Section 4 - Submission to the Enforcement Bureau**

The Company is including this Attachment B to the Annual Compliance Report submitted pursuant to Merger Condition XXVI of the SBC/Ameritech Merger Order, to comply with the requirement to submit a report on the implementation of the controls and processes set forth in the Compliance Plan.

**Section 5 – Compliance audit**

The annual independent audit conducted pursuant to Merger Condition XXVII of the SBC/Ameritech Merger Order to evaluate compliance with the Merger Conditions for the 12-months ended December 31, 2003 included an assessment of the Company's compliance with Sections 1 and 2 of the Consent Decree, as the deadlines to meet those requirements were reached prior to the September 2, 2003 filing date of the 2002-year compliance audit.

**Active 2003 FCC Merger Conditions - Responsible Officers**

| <b><u>Condition</u></b> <sup>10</sup>  | <b><u>Officer</u></b> |
|--|-----------------------|
| <b>Promoting Equitable and Efficient Advanced Services Deployment</b>                      |                       |
| 1 Separate Affiliate for Advanced Services   |                       |
| A. SBC Advanced Solutions, Inc. (ASI) and<br>Ameritech Advanced Data Services, Inc. (AADS) | R. Dietz              |
| B. Industry Markets  | D. Cole               |
| 3 Advanced Services OSS  | J. Stankey            |
| 4 Access to Loop Information for Advanced Services   | D. Cole               |
| 6 Non-discriminatory Rollout of xDSL Services  | R. Dietz              |
| <b>Ensuring Open Local Markets</b>   |                       |
| 7 Carrier-to-Carrier Performance Plan (Incl. Performance Measures)                         | M. Gilliam            |
| 8 Uniform and Enhanced OSS   | J. Stankey            |
| 14 Carrier-to-Carrier Promotions: Unbundled Loop Discount                                  | D. Cole               |
| 15 Carrier-to-Carrier Promotions: Resale Discount  | D. Cole               |
| 16 Carrier-to-Carrier Promotions: UNE Platform   | D. Cole               |
| 17 Offering of UNEs  | D. Cole               |
| 19 Shared Transport in Ameritech States  | D. Cole               |
| <b>Improving Residential Phone Service</b>   |                       |
| 22 InterLATA Services Pricing  | L. Champion           |
| 23 Enhanced Lifeline Plans   | D. Atwood             |
| <b>Ensuring Compliance with and Enforcement of These Conditions</b>                        |                       |
| 26 Compliance Program  | P. Hill-Ardoin        |
| 27 Independent Auditor   | P. Hill-Ardoin        |
| 28 Enforcement   | P. Hill-Ardoin        |
| 29 Sunset  | P. Mancini            |
| 30 Effect of Conditions  | P. Mancini            |

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<sup>10</sup> Conditions not in effect during the 12 months ended December 31, 2003 are not listed.

**Merger Condition 29 – Sunset Dates**

The following table contains the sunset dates for each condition contained in the discussion of compliance with the individual conditions in this Report.

| Number   | Condition Name                                   | Sunset Date   |
|--|--|---|
| 1  | Separate Affiliate For Advanced Services         | 10/08/03  |
| 2  | Surrogate Line Sharing                           | 05/29/00  |
| 3  | Advanced Services OSS                            | 10/22/04 - 12 States<br>08/07/05 - Conn.  |
| 4  | Access to Loop Information for Advanced Services | 10/08/03  |
| 5  | Loop Conditioning Charges and Cost Studies       | 10/08/02  |
| 6  | Low Income Rollout of xDSL Services              | Varies by state and<br>Urban/Rural category                                       |
| 7  | Carrier to Carrier Performance Measurements      | 05/20/04 - SNET   |
| 8  | Uniform and Enhanced OSS                         | 04/24/05 - 12 States.<br>08/07/05 - Conn.   |
| 9  | Restructuring OSS Charges                        | 10/08/02  |
| 10   | OSS Assistance to CLECs                          | 11/07/02  |
| 11   | Collocation Compliance                           | 10/08/02  |
| 12   | MFN for In/Out Region ICA Arrangements           | 10/08/02  |
| 13   | Multistate ICA and Resale Agreements             | 12/07/02  |
| 14   | Residential UNE Discount                         | Offering Window closed<br>in Illinois, Indiana, Ohio,<br>and Wisconsin - 10/15/03 |
| 15   | Residential Resale Discount                      | Offering window closed in<br>all states on 11/07/02                               |
| 16   | UNE Platform Offering                            | Offering Window closed<br>in all states on 11/07/02                               |
| 17   | Offering of UNEs                                 | 03/24/03  |
| 18   | Alternative Dispute Resolution                   | 10/08/02  |
| 19   | Shared Transport in Ameritech States             | To Be Determined  |
| 20   | Access to Cabling in MDUs                        | 10/08/02  |
| 21   | Out-of-Territory Competitive Entry               | 08/21/02  |
| 22   | InterLATA Services Pricing                       | 04/08/04  |
| 23   | Enhanced Lifeline                                | 08/22/04  |
| 24   | Additional Service Quality Reporting             | 11/20/02  |
| 25   | NRIC: Network Services                           | 10/08/02  |
| The following conditions sunset when SBC has no obligations remaining under the Merger Conditions and any required audits have been completed. |  |   |
| 26   | Compliance Program                               |   |
| 27   | Independent Auditor                              |   |
| 28   | Enforcement                                      |   |
| 29   | Sunset   |   |
| 30   | Effect of Conditions                             |   |